

## Message Text

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PAGE 01 STATE 019602

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

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AMEMBASSY DUBLIN

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FOLLOWING REPEAT LISBON 439 SENT ACTION SECSTATE  
JANUARY 27TH:

QUOTE LIMITED OFFICIAL USE LISBON 439

FROM PATTERSON AND LUSTIG

EO 11652: N/A

TAGS: EAID, PO

SUBJ: U.S. AID TO PORTUGAL

REF: STATE 16497

1. WE HAVE PURSUED DISCUSSIONS ON POTENTIAL FIELDS OF INTEREST  
TO GOP WHICH WERE LISTED IN REFTEL. WHILE CLEARER PICTURE  
BEGINS TO EMERGE, GOP HAS AS YET HAD NO OPPORTUNITY TO CO-  
ORDINATE INTERNALLY RESULTS OF OUR DISCUSSIONS WITH TECHNICAL  
STAFF OF MINISTRIES INVOLVED. ADDITIONALLY, SOME POLICY  
DECISIONS NEEDED REMAIN TO BE MADE. THIS IS PARTICULARLY  
TRUE WITH RESPECT TO INTEGRATED HEALTH SERVICES. WHILE CON-  
CEPT WIDELY ACCEPTED, THERE IS AS YET NO LEGAL OR ORGANIZATIONAL  
FRAMEWORK PERMITTING ITS GENERAL APPLICATION. WE NEVERTHELESS  
HOPE TO REACH AGREEMENT ON A PILOT PROGRAM FOR WHICH \$1.5

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PAGE 02 STATE 019602

MILLION IS INTENDED.

2. FULLY RECOGNIZE NECESSITY TO PROVIDE CONGRESS PROJECT  
DETAIL INCLUDING COST COMPONENTS. ALTHOUGH WE DO NOT HAVE  
SPECIFIC REQUESTS FOR CONSULTANTS AND/OR TRAINING FROM PORTUGUESE  
GOVERNMENT, WE ARE PROVIDING FOLLOWING COST COMPONENT GUESSTIMATES  
WHICH WE JUDGE REALISTIC AT THIS TIME:

A) TECHNICAL CONSULTATIONS AND TRAINING: SUGGEST THIS  
BE HANDLED AS SINGLE GRANT PROJECT OF \$500,000 FOR OBLIGATION  
FY 1975. PURPOSE OF PROJECT WOULD BE FINANCE HIGH-LEVEL U.S.  
EXPERTS IN VARIETY OF DEVELOPMENT FIELDS FOR SHORT-TERM CONSULTA-  
TIONS AS REQUESTED BY PORTUGUESE GOVERNMENT. FIELDS STATED  
REFTEL ARE ONES WHICH HAVE BEEN DISCUSSED BUT CAN SEE OTHER  
POSSIBILITIES SUCH AS AGRICULTURAL COOPERATIVES, IRRIGATION  
SYSTEMS, WATER MANAGEMENT. PRELIMINARY ESTIMATE IS SEVEN MAN/  
YEARS AT COST \$240,000 INCLUDING TRAVEL AND PER DIEM. WOULD  
INCLUDE BOTH PASA AND PRIVATE U.S. CONSULTANTS TO BE CONTRACTED  
BY THE PORTUGUESE GOVERNMENT OR AID. (IMPLEMENTA-  
TION NOT YET DISCUSSED WITH GOP.)

WITH RESPECT TO TRAINING COMPONENT IN SAME PROJECT WOULD  
FORESEE SHORT-TERM CONSULTATIONS OF PORTUGUESE SPECIALISTS  
IN U.S. IN SAME FIELDS AS THOSE OF U.S. CONSULTANTS AND PERHAPS  
SOME LONG-TERM TRAINING. A POSSIBLE BREAKDOWN WOULD BE FIVE  
MAN/YEARS ORIENTATION TOURS AND SHORT-TERM TRAINING FOR  
\$60,000 (EXCLUSIVE TRANSPORTATION) AND TWO MAN/YEARS LONG-  
TERM TRAINING FOR \$20,000. SUGGEST YOU REVIEW AMOUNTS PRESENTLY  
AUTHORIZED PER DIEM RATES, AND INTERNAL TRAVEL COSTS AND ADJUST  
MAN/YEARS ACCORDINGLY. NOTE THAT PRESENTATION SHOULD PERMIT  
LARGEST POSSIBLE DEGREE OF FLEXIBILITY BETWEEN TWO CATEGORIES  
(U.S. CONSULTANTS AND PARTICIPANTS).

### 3. FEASIBILITY STUDIES -

(A) AGRICULTURE. A GOOD DEAL OF WORK ON SOILS AND LAND  
UTILIZATION SEEMS TO HAVE BEEN DONE BUT IT APPEARS THERE IS  
STILL GREAT OPPORTUNITY FOR ADDITIONAL WORK, PARTICULARLY WITH  
REGARD TO AGRONOMIC AND BROADER ECONOMIC INPUT INTO NATIONAL,  
REGIONAL AND PROJECT ORIENTED STUDIES. AGAINST EVOLVING  
PATTERNS OF IMPORTS FROM ESCUDO AREA AND WORLD MARKET (E.G.,  
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PAGE 03 STATE 019602

SUGAR) CHOICES WILL HAVE TO BE MADE ON WHAT GO GROW ON  
PORTUGAL'S LIMITED ARABLE LAND AND WHAT TO IMPORT. (ECKAUS  
OF MIT NOW HERE UNDER OECD AUSPICES LOOKING AT SOME OF THESE  
QUESTIONS.) WE THEREFORE FORESEE NEED FOR STUDIES IN  
CROPPING PATTERNS, INTEGRATED AGRICULTURAL DEVELOPMENT, LAND-USE  
PLANNING, AND ECONOMIC ASPECTS OF ADDITIONAL IRRIGATION PROJECTS  
(ALENTEJO, COVA DA DEIRA AND RIO MONTEGO AREAS). IN EACH OF  
THESE AREAS PORTUGAL HAS CONSIDERABLE EXPERTISE AND EXTEND OF

NEED FOR U.S. HELP STILL UNKNOWN.

(B) TRANSPORTATION. WE HAVE NOT DISCUSSED THIS SECTOR IN DETAIL BUT ANTICIPATE NEED FOR STUDIES OF SINES PORT DEVELOPMENT AND RELATED TRANSPORTATION PROBLEMS IN ADDITION TO REGIONAL STUDIES IN GREATER LISBON AND PORTO AREAS.

(C) AS GOP PLANS FOR EXPANSION OF HEALTH SERVICES BECOME MORE CONCRETE, STUDIES RELATED TO THAT EXPANSION MAY BECOME NECESSARY.

BELIEVE \$1 MILLION LOAN STILL REASONABLE AMOUNT FOR THIS PROJECT.

4. INTEGRATED COMMUNITY HEALTH SERVICES. SANTA CRUZ CLINIC IN CARNAXIDE AREA OF LISBON WAS EXTREMELY WELL-EQUIPPED PRIVATE HOSPITAL WHICH RECENTLY CLOSED DOWN BY FORMER OWNERS AND SOON TO BE TAKEN OVER BY PUBLIC HEALTH SERVICE. U.S. ASSISTANCE IN TRANSFORMING CLINIC INTO COMMUNITY HEALTH CENTER IS PRIORITY REQUEST OF PORTUGUESE GOVERNMENT ALTHOUGH DO NOT UNDERESTIMATE INSTITUTIONAL PROBLEMS REFERRED TO IN PARAGRAPH 1. APPEARS MOST LIKELY FORM OF ASSISTANCE WILL BE EXPANSION OF CLINIC TO PERFORM PREVENTIVE HEALTH FUNCTIONS, GREATER OUT-PATIENT SERVICE, AS WELL AS HEALTH AND NUTRITION EDUCATION PROGRAMS WITHIN INTEGRATED COMMUNITY HEALTH CONTEXT. ESTIMATED COST MIGHT BE \$300,000 ALL OF WHICH IS LOCAL COSTS. OTHER TWO CLINICS (ONE RURAL AND ONE LOW-INCOME URBAN) WOULD LIKELY BE CONSTRUCTED AND EQUIPPED WITH OUR COST GUESSES NOW ABOUT \$450,000 EACH. WOULD FORESEE ANY REQUIREMENT FOR SHORT-TERM CONSULTANTS FOR DETAILED PROJECT DESIGN INCLUDED WITH TECHNICAL CONSULTATIONS AND TRAINING PROJECT MENTIONED ABOVE. REMAINING \$300,000 MIGHT BE FOR EXPANSION PARAMEDICAL TRAINING INSTITUTIONS TO HELP STAFF NEW CLINICS. OF ENTIRE \$1.5 MILLION FOR PROJECT LIMITED OFFICIAL USE

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PAGE 04 STATE 019602

FORESEE NO MORE THAN \$200,000 FOR IMPORTED U.S. EQUIPMENT WITH REMAINDER BEING LOCAL COSTS.

5. LOOKING TOWARD PROGRAMMING OF ADDITIONAL FUNDS, SINCE OUR DISCUSSIONS REVEAL POSSIBILITIES IN FOLLOWING AREAS:

A) EXPANSION AND MODERNIZATION OF INSTITUTE FOR AUDIO-VISUAL EDUCATION MATERIALS AND

B) INTEGRATED AGRICULTURAL DEVELOPMENT (INCLUDING IRRIGATION AND LAND REFORM COMPONENTS) IN MIRA REGION OF ALENTEJO. THIS POTENTIAL PROJECT WHICH WE VISITING THIS WEEK COULD REQUIRE UP TO \$3 MILLION OR MORE OF U.S. FUNDS.

6. WILL REPORT FURTHER DETAILS AID PROGRAMMING PROMPTLY AS

BECOME AVAILABLE.  
CARLUCCI

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